

**THE U.S.-ISRAEL-EGYPT TRILATERAL
RELATIONSHIP: SHORING UP THE FOUNDATION
OF REGIONAL PEACE**

HEARING
BEFORE THE
SUBCOMMITTEE ON
THE MIDDLE EAST AND SOUTH ASIA
OF THE
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HOUSE OF REPRESENTATIVES
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WEDNESDAY, MAY 21, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST
AND SOUTH ASIA,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:09 p.m. in room 2172, Rayburn House Office Building, Hon. Gary L. Ackerman (chairman of the subcommittee) presiding.

Mr. ACKERMAN. The subcommittee will come to order.

My district in New York is famous in literature as the setting for one of America's greatest novels, F. Scott Fitzgerald's "The Great Gatsby." The novel describes not only the complex relationships and longings of its central characters, but it evokes a sense of time and place that has made it iconic in American literature. One passage in particular stands out for those of us who labor in the world of foreign policy rather than the art of the English language.

"They were careless people. They smashed up things and creatures, and then retreated back into their money or their vast carelessness or whatever it was that kept them together, and let other people clean up the mess they had made."

There is a warning for us in these words. About 30 years ago when the United States was not in the business of smashing things up and leaving it for others to clean up our messes, we helped bring Egypt and Israel together to make peace. It was a different time in America's relationship with the Middle East. It was still a mostly unwritten story, one whose theme was focused on the Cold War.

Egypt, the clear leader among the Arab states, had been for many years a somewhat unreliable part of the Soviet camp, and its foreign policy goals appeared to have little in common with those of the United States. Israel at the time was anything but a regional power, though it survived wars in 1948, 1956, 1967, and with enormous United States aid in 1973, it was isolated and, frankly, right to be concerned about its continual survival.

But in the wreckage and slaughter of the 1973 Yon Kippur War, American diplomacy found fertile ground. With bold, strong leaders in Egypt and in Israel, who were not only ready for peace but ready to make the sacrifices necessary to achieve it, the Camp David Accords were signed on September 17, 1978.

Since then, the Middle East has been a very different place, clearly a much better one for ourselves and I would argue, even more so for Egypt and for Israel. From our perspective, the peace made at Camp David has linked the two most important militaries in the region to the goodwill of the United States. It has prevented any further Arab-Israeli state-to-state conflicts, though the problem of non-state proxies has grown, and most importantly, the peace between Israel and Egypt shifted the political center of gravity in the region toward peace with Israel versus the prior consensus for continual war against the Jewish state.

The Camp David Accords also cemented America's role as the architect of any future Arab-Israeli peace and as the guarantor of international security in the Middle East.

For Egypt, the peace made at Camp David freed their nation to pursue economic development and political reform without the continual intrusion and disruption of war. In 30 years of war, Egypt lost thousands of its sons, hundreds of millions of dollars wasted on military competition that served no national requirement or interest. Egypt led the Arab states in making peace and today continues in that role.

Israel, which had never before in its entire existence, had even one completely peaceful and quiet border, probably gained the most. In exchange for the return of the Sinai Peninsula, Israel saw the United Arab Front against its shatter, its day-to-day defense requirements were dramatically reduced, its partnership with the world's preeminent state was strengthened, and as a consequence of its own investments and combined support from the United States, the Israeli Defense Forces, the IDF, has become one of the most powerful law enforcers in the Middle East, if not the most powerful, and a clear and compelling deterrent to aggression against the Jewish state.

As I noted at a hearing 2 weeks ago, the total cost of almost 30 years of peace forged at Camp David is about \$150 billion over 30 years, which even in Washington, DC, is still a considerable amount of money, but by comparison, that same \$150 billion today buys us just 1¼ years' of war in Iraq.

Clearly, the peace made at Camp David is one of the finest achievements of American diplomacy in the twentieth century, even if it did involve Jimmy Carter. Unfortunately, over time Americans, Egyptians, and Israelis have lost sight of the singular importance of the peace made at Camp David, and the massive strategic benefits each nation has silently accrued as a consequence every day since. This oversight is more than just a shame. It is a strategic risk.

Imagine for the moment a Middle East where Israel and Egypt are not at peace, where Egypt, perhaps ruled by the Muslim Brotherhood rather than working to limit the damage done by Hamas, was actively supporting it, where transit through the Suez Canal both for the United States Navy and commercial shipping was a matter of some uncertainty, or even a flat impossibility, where Israel faced the threat not just of rockets but of massive invading armies and a never-ending arms race drained the life of its economy, and kept that small nation perpetually on the cusp of another major war.

To this tableau of chaos, instability and horror, add the rising threat to the region from Iran and the surpassing importance of the United States-Egyptian-Israel cooperation becomes undeniably clear.

Each nation needs this relationship a lot more than their top leaders have been willing to acknowledge, at least in public, and that is the first place to begin when it comes to shoring up this foundation for regional peace. It starts at Camp David and with the relationships formed there. Each nation has its complaints, and these are not trivial or imagined.

When we in the United States complain about human, civil and political rights in Egypt, we are not fabricating grievances in order to accrue bargaining leverage. When the United States or Egypt calls for the end to Israeli settlement growth and the removal of unauthorized outposts, no one should write this position off as mere boilerplate. Likewise, American and Israeli concerns about the smuggling of arms into Gaza cannot be dismissed as a problem for others to deal with, and when Israeli leaders expressed interest in negotiations with Syria, their most serious political impediment should not be the President of the United States.

Over time it is easy for us as human beings to take each other for granted, and the same can be said about relationships between nations. But in the Middle East today, the risk is too great to allow this pattern to persist in the trilateral relationship. The security of all three nations depends on our remembering what made peace so important 30 years ago. Failing to do so and falling into the trap of seeing only the outrage of the day and the issue of the moment will leave us like Fitzgerald's hapless characters, boats against the current borne back ceaselessly into the past.

Mr. Pence.

[The prepared statement of Mr. Ackerman follows:]

PREPARED STATEMENT OF THE HONORABLE GARY L. ACKERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE MIDDLE EAST AND SOUTH ASIA

My district in New York is famous in literature as the setting for one of America's greatest novels, F. Scott Fitzgerald's *The Great Gatsby*. The novel describes not only the complex relationships and longings of its central characters, but it evokes a sense of time and place that has made it iconic in American literature.

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"They were careless people . . .—they smashed up things and creatures and then retreated back into their money or their vast carelessness, or whatever it was that kept them together, and let other people clean up the mess they had made."

There's a warning for us in these words.

About thirty years ago, when the United States was not in the business of smashing things up and leaving it for others to clean up our messes, we helped bring Egypt and Israel together to make peace. It was a different time, and America's relationship with the Middle East was still a mostly unwritten story, and one whose theme was focused on the the Cold War.

Egypt, the clear leader among the Arab states, had been for many years, a somewhat unreliable part of the Soviet camp, and its foreign policy goals appeared to have little in common with those of the United States. Israel at the time was anything but a regional power. Though it had survived wars in 1948, 1956, 1967 and, with enormous U.S. aid, in 1973, it was isolated and, frankly, right to be concerned for its continued survival.

But in the wreckage and slaughter of the 1973 Yom Kippur war American diplomacy found fertile ground. With bold, strong leaders in Egypt and in Israel who

were not only ready for peace, but ready to make the sacrifices necessary to achieve it, the Camp David Accords were signed on September 17, 1978.

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For Egypt, the peace made at Camp David freed their nation to pursue economic development and political reform without the continual intrusion and disruption of war. In 30 years of war, Egypt lost thousands of its sons, and hundreds of millions of dollars were wasted on a military competition that served no national requirement or interest. Egypt led the Arab states in making peace, and today continues in that role.

Israel, which had never before in its entire existence had even one completely peaceful and quiet border, probably gained the most. In exchange for the return of the Sinai peninsula, Israel saw the united Arab front against it shatter; its day-to-day defense requirements were dramatically reduced; its partnership with the world's pre-eminent state was strengthened; and, as a consequence of its own investments combined support from the United States, the IDF has become the most powerful armed force in the Middle East, and a clear and compelling deterrent to aggression against the Jewish State.

As I noted at a hearing two weeks ago, the total cost of the almost 30 years of peace forged at Camp David is about \$150 billion, which even in Washington, DC is still considered a lot of money. But, by comparison, that same \$150 billion has bought us just 11/4 years of war in Iraq. Clearly, the peace made at Camp David is one of the finest achievements of American diplomacy in the 20th century, even if it did involve Jimmy Carter.

Unfortunately, over time, Americans, Egyptians and Israelis have all lost sight of the singular importance of the peace made at Camp David, and the massive strategic benefits each nation has silently accrued as a consequence every day since. This oversight is more than just a shame, it is a strategic risk. Imagine for a moment a Middle East where Israel and Egypt are not at peace; where Egypt—perhaps ruled by the Muslim Brotherhood—rather than working to limit the damage done by Hamas was actively supporting it; where transit through the Suez canal, both for the U.S. Navy and commercial shipping, was a matter of some uncertainty or even a flat impossibility; where Israel faced the threat not just of rockets but of massive invading armies, and a never ending arms race drained the life from its economy, and kept that small nation perpetually on the cusp of another major war.

To this tableau of chaos, instability and horror, add in the rising threat to the region from Iran, and the surpassing importance of U.S.-Egyptian-Israeli cooperation becomes undeniably clear. Each nation needs this relationship a lot more than their top leaders have been willing to acknowledge—at least in public. And that is the first place to begin when it comes to shoring up this foundation for regional peace; it starts at Camp David and with the relationships formed there.

Each nation has its complaints and these are not trivial, nor imagined. When we in the United States complain about human, civil, and political rights in Egypt, we are not fabricating grievances in order to accrue bargaining leverage. When the United States or Egypt calls for an end to Israeli settlement growth, and the removal of unauthorized outposts, no one should write this position off as mere boilerplate. Likewise, American and Israeli concerns about the smuggling of arms into Gaza can not be dismissed as a problem for others to deal with. And when Israeli leaders express interest in negotiations with Syria, their serious political impediment shouldn't be the President of the United States.

Over time it is easy for us as human beings to take each other for granted, and the same can be said about the relationships between nations. But in the Middle East today, the risks are too great to allow this pattern to persist in the trilateral relationship. The security of all three nations depends on our re-remembering what made peace so important thirty years ago. Failing to do so, and falling into the trap of seeing only the outrage du jour, and issue of the moment will leave us like Fitzgerald's hapless characters, "boats against the current, borne back ceaselessly into the past."

Mr. PENCE. Thank you, Mr. Chairman. Thanks for calling this important hearing, and I want to extend belated personal greetings to our two very distinguished witnesses.

Mr. Chairman, the United States-Israel-Egypt relationship, in light of the thirtieth anniversary of Camp David, is an important topic that affects today's news just as it has so many times in recent memory. It really is fascinating if you think about it.

Camp David stands exactly at the halfway point in the life of the modern State of Israel. Israel celebrates its 60th anniversary this month. As Ambassador Kurtzer testifies, Israel has not lived a day of peace with all of its neighbors in 60 years, which is an extraordinary fact not often enough repeated in the American political debate.

In its first 30 years of existence, exactly one Arab country recognized Israel, namely, Egypt. In its second 30 years of existence, exactly one Arab country recognized Israel, and that was Jordan. In mere days after Egypt recognized Israel, Egypt was promptly expelled from the Arab League, demonstrating that Israel's existence—not its policies—is what is unacceptable to many sovereign nations in the region. Twenty other Arab states remain irreconcilable to this region's lively democracy and America's truest ally.

In light of the situation, the peace treaty with Egypt has offered hope and an example for regional stability, and it deserves much attention of this subcommittee and every relevant committee here on Capitol Hill. And Egypt has benefitted handsomely from this approach, joining Israel as the two largest recipients of our foreign aid, and yet relations between Egypt and Israel are described almost universally, and by our two witnesses here, as "cold, mistrust and suspicion seem mutual." It appears that outreach is often one way, from Israel to Egypt and not the other way around.

President Hosni Mubarak, for example, has made all of one visit to Israel in nearly 27 years in office; that for the funeral of Yitzhak Rabin.

One enormous problem is, of course, the situation in Gaza. It has been nearly 1 year since Hamas took over that region, and Israel has suffered nearly three rocket attacks a day for more than 2 years with ominously increasing ranges and apparent Iranian weaponry.

Rather than completely isolating these terrorists, Egypt seems to have opened a dialogue with Hamas, an approach they are unwilling to take with some of the same extremist elements within their own country, I should add. Attempting to affect a cease fire in Gaza between Hamas and Israel is less helpful than consigning Hamas to the outlaw status it truly deserves, in my judgment. It seems Egypt would rather keep Israel at arm's length than make common cause with their mutual enemies, including Iran and Hezbollah. Egypt has benefitted for a long time from the heroism of Anwar Sadat, as has the world. Their approach today could use his model of courage.

Mr. Chairman, I must also respectfully take issue with Ambassador Kurtzer's remark that Israel's security has suffered as a result of our efforts in Iraq. I respect our distinguished witness' opinion, but I believe on the contrary. As Prime Minister Ehud Olmert said to AIPAC on March 13, 2007, "Those who are concerned for

Israel's security, for the security of the Gulf states, for the stability of the entire Middle East should recognize the need for an American success in Iraq."

Just as bin Laden's most recent audio tape encouraged unrest in Gaza, I believe the enemies of civilization in Iraq, in Lebanon or Gaza are the same and continue to sow discord and violence at every turn. Not that they are the same organizations, but that their violence proceeds from the same animus and hatred.

Mr. Chairman, this remains a troubled region. I am deeply disturbed by the cease-fire agreement that the Lebanese Government just hammered out this morning with Hezbollah. I am also concerned about reports that the Government of France has made overtures to Hamas. I am cautious about today's news that Israel and Syria have begun indirect peace talks mediated by Turkey. These many challenges will vex American foreign policy in the region for some time.

I thank the chairman for once again skating this subcommittee ahead of the headlines, and I wish to again recognize the distinguished service and contribution of our witnesses today, and look forward to their testimony.

Mr. ACKERMAN. I thank the ranking member.

Turn now to Mr. Scott.

Mr. SCOTT. Let me just say this is an important hearing, and I am looking forward to the discussion, particularly in light of the recent news about Egypt getting involved—Mubarak—and meeting with the Israel defense minister. I think that that is very important and a good step. See how that turns out.

Thank you very much, Mr. Chairman. Look forward to the hearing.

Mr. ACKERMAN. Thank you very much.

I am delighted at this point to welcome two exceptionally distinguished and accomplished witnesses, each of whom have provided me, among many other Members of Congress, with their exceptional insights and good counsel over many years. Like many of my colleagues, I got to know Ambassador Dan Kurtzer as the U.S. Ambassador to Egypt, a position he held from 1997 to 2001, before moving on to Tel Aviv where he also served as Ambassador from 2001 to 2005.

Before taking these important posts, Ambassador Kurtzer, during a 29-year career in the State Department, served as speechwriter for Secretary of State George Schultz, as a member of the Secretary's policy planning staff, as deputy assistant secretary of state for Near Eastern affairs and as principal deputy assistant secretary of state for intelligence and research.

Ambassador Kurtzer is also Dr. Kurtzer, having earned his Ph.D. at Columbia University. Retiring at the end of 2005 with the rank of Career Minister in the Senior Foreign Service, Ambassador Kurtzer has now become Professor Kurtzer, and holds the S. Daniel Abraham Chair in Middle East policy at Princeton University's Woodrow Wilson School of Public and International Affairs.

We are also pleased to welcome back David Makovsky, one of the finest analysts of Israeli politics in this country or any other for that matter, and the preeminent chronicler of the Israel-Palestinian peace process since the 1990s. Mr. Makovsky is senior fellow

and the director of the Project on the Middle East Peace Process at The Washington Institute for Near East Policy.

He is also an adjunct professor in Middle Eastern Studies at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies.

Before joining The Washington Institute, Mr. Makovsky was an award-winning journalist who covered the peace process from 1989 to 2000. He is the former executive editor of the Jerusalem Post and was diplomatic correspondent for Israel's leading daily newspaper, Ha'aretz, now a contributing editor to U.S. News and World Report. He served for 11 years as the magazine special Jerusalem correspondent.

We are fortunate to have such excellent witnesses before us today. Your full statements will be entered into the record, and I would ask each of you, if you could, to summarize your testimony 5 to 10 minutes, and we will start immediately with Ambassador Kurtzer.

STATEMENT OF THE HONORABLE DANIEL C. KURTZER, LECTURER AND S. DANIEL ABRAHAM PROFESSOR, MIDDLE EASTERN POLICY STUDIES, PRINCETON UNIVERSITY

Ambassador KURTZER. Thank you, Mr. Chairman and distinguished members of the subcommittee. It is a real honor to appear before you. This is my first time as a private citizen, and it is quite liberating. Thank you for this opportunity. I also want to take this opportunity to thank you and all your colleagues on this committee and in the House for the terrific support that you gave me during my years as Ambassador both in Egypt and Israel. It was a pleasure to get to know you all then and to be able to interact with you in Washington, in Cairo, and in Tel Aviv.

I would highlight three things, Mr. Chairman, from the written testimony that I submitted for the record. I tell a story, which may be apocryphal, about a Soviet diplomat who, in 1972, was asked how the Soviet Union was reacting to Anwar Sadat's having asked Soviet military advisors to leave Egypt, and the Soviet diplomat, according to the story, thought for a moment and said, "Well, it is quite disappointing, but we did get 17 good years out of the relationship."

I start with this because, as you indicated in your opening remarks, Mr. Chairman, we have gotten more than 30 years out of the two deep and abiding strategic relationships that we have with both Israel and Egypt. This trilateral relationship is unique, I believe, in the annals of international diplomacy, built on the foundation of the Egyptian-Israel Peace Treaty and cemented by United States assistance and strategic support to both countries, and reciprocating that support with discernible benefits to United States security that both Israel and Egypt provide. We have been able over the past 30 years to use this foundation of a tripartite relationship to help achieve whatever we have been able to achieve in this region.

I am confident that with agile, aggressive, proactive diplomacy we can look forward to decades, not just years, more of building on this trilateral foundation.

The second point I would emphasize is that with each country there is also unfinished business. The peace process which was launched with so much promise in 1979, with the Egyptian-Israeli Treaty, and which saw progress in 1994 with the Israeli-Jordanian Treaty, has stalled in recent years either by the failure of diplomacy or by the absence of diplomacy, and there is no reason why our country cannot recoup our diplomatic finesse and help make progress in the search for a comprehensive peace settlement.

Similarly, there has been an economic miracle of sorts in Egypt as a result largely of our cooperative programs with the Egyptian Government, but we have not had as much success in encouraging the growth of a pluralist open democratic system, and so there is business yet to be done even in these two extraordinarily bilateral relationships.

The third point I would make that I indicate in my written testimony is that what we do in the region makes a great deal of difference for how well we do with these two strategic partners. The following of what we are trying to conduct in Iraq now has in fact, in my view, compromised the security of our two major partners, Israel and Egypt. Israel faces a challenge on its eastern border now with the influx of perhaps 1 million Iraqi refugees into Jordan which can only be described as a destabilizing factor; and Egypt faces turmoil within an Arab world that is increasingly uneasy about the open and undefined nature of what we are doing in Iraq.

There is no reason in both Iraq and Iran and in the peace process why active, proactive American diplomacy should not be employed as a complement to other assets of national power, including rhetoric, sanctions and possibly the use of force. Diplomacy is not a panacea but it definitely is part of our arsenal of weapons, and I hope that we can reactivate it toward the achievement of goals both in the peace process and in stabilizing the situation the Gulf. Those, I think, would be the best guarantors that this tripartite relationship among the United States, Israel and Egypt can continue to grow and prosper in the years ahead.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kurtzer follows:]

PREPARED STATEMENT OF THE HONORABLE DANIEL C. KURTZER, LECTURER AND S. DANIEL ABRAHAM PROFESSOR, MIDDLE EASTERN POLICY STUDIES, PRINCETON UNIVERSITY

There is a story—perhaps apocryphal, perhaps true—about a Soviet diplomat who in 1972 was asked whether the Soviet Union was upset over Anwar Sadat's decision to send home all the Soviet military advisors then in Egypt. The Soviet diplomat reportedly thought for a moment and replied, "Of course, there is some disappointment, but then again, we got 17 good years out of this relationship."

In international relations between great and small powers, this is a story that repeats itself time and again. Today, this Subcommittee is assessing relations between the United States and two of its longstanding allies in the Middle East, Israel and Egypt. We have enjoyed strategic relations with Israel since the early 1970's and with Egypt since the late 1970's. To paraphrase the Soviet diplomat referred to a moment ago, we have gotten more than thirty good years out of these relationships. More importantly, the prognosis is very good that, with careful tending, good policy and strong diplomatic engagement, we can enjoy many more years of alliance and mutual benefit from our relations with both Israel and Egypt.

Israel-U.S. Relations

There is wide consensus about the importance, depth and value of our ties with Israel. Israel is one of the great success stories in modern history, a society of immi-

grants and dreamers that, through hard work, creativity and enterprise has become one of the world's economic powerhouses. This Subcommittee knows well the highlights: Israel is second only to the United States in the number of companies listed on NASDAQ, and literally every day a new technology or a new idea comes forth from Israel to change the way we live our lives—in telecommunications, electronics, agro-tech, water science, and the like. No other society has absorbed so many and such diverse immigrant and refugee populations in as short a time as Israel. And there are few countries around the world with as vibrant and lively a democracy as in Israel.

The story of Israel would be remarkable if it were an island nation with no security challenges. It is even more incredible to remember that Israel has flourished through sixty years of statehood without experiencing one day of peace with all its neighbors. It faces a unique array of security challenges, without parallel globally. Palestinian terrorist groups like Hamas and Palestinian Islamic Jihad continue to reject Israel's right to exist, maintain a constant state of war and dispatch rockets and suicide bombers to kill and intimidate Israeli civilians. Hezbollah threatens Israel's northern population just as it threatens the stability and well-being of Lebanon. Syria remains in a state of war with Israel and, as evidenced by recent events, appears intent on building an arsenal of weapons of mass destruction. And Iran stands poised to develop nuclear weapons against the backdrop of unending support for terrorism and a leadership that denies the legitimacy of Israel and of the Holocaust.

Over the past thirty-plus years, the United States and Israel have built a multifaceted and expanding structure of bilateral strategic relations that are of benefit to both countries and that help Israel deal with these unique challenges to its security. Intelligence cooperation, joint research and development programs, strategic dialogues at all levels of our respective military and political establishments—all of these have helped to develop a web of unbreakable bonds between our countries and our peoples. And there is still room to grow, as new technologies and new methodologies develop for dealing with global and regional security challenges.

The most pressing unfinished business of the U.S.-Israeli relationship relates to the search for a comprehensive peace settlement between Israel and the Arabs. Every American administration since the early 1970's has turned its attention, sooner or later, to the challenge of peacemaking in the Middle East. As Scott Lasensky and I elaborated in our recent book, *Negotiating Arab-Israeli Peace: American Leadership in the Middle East*, some administrations accomplished more than others, leaving us with a legacy of successes and failures to study and learn from. It is my conviction that we can do diplomacy better than we have during the past fifteen years and that, with strong Presidential leadership and determination, we can help make a difference in this great challenge of peacemaking in the region. Indeed, the security that Israel seeks and deserves can be realized best through a comprehensive peace with its neighbors.

Egypt-U.S. Relations

Our relations with Egypt have been no less profound in a variety of critical areas. In the 1970's, the late President Anwar Sadat started Egypt in a new strategic direction—toward peace with Israel, toward a market economy and toward a strategic relationship with the United States. Following the signing of the Egyptian-Israeli peace treaty in 1979 and during the long presidency of Hosni Mubarak, U.S. cooperation with and assistance to Egypt have been directed at realizing the potential of these strategic openings. The successes of our bilateral relationship have been nothing short of astounding.

The peace treaty between Egypt and Israel remains intact and strong and continues to represent the cornerstone of all peace efforts in the region. Even as our two allies have sometimes struggled to define their bilateral political relations, neither has ever violated any aspect of the security arrangements that are at the heart of the treaty. Indeed, for nearly thirty years, Egypt and Israel have been so confident of each other's security intentions and performance that their long Sinai border required few troops to monitor the situation. To be sure, the constancy of the Multinational Force and Observers—one of the most successful peace monitoring operations ever conceived and executed—has added to the mutual confidence of Egypt and Israel in the staying power of the treaty.

Egypt has also undergone transformative change in its society and economy. From an economic system developed in the 1950's and 1960's which stifled the private sector, Egypt has developed a vibrant and productive private sector and market-oriented economy. Egypt's infrastructure is sound, thanks to cooperation of the United States, and its strategic relations with the U.S. have been built on a solid foundation. Egypt, long a leader among Arab states, in the Muslim world, in Africa and

elsewhere, has benefitted enormously from its relations with the U.S., and the U.S. has found in return a friend and ally, not bashful when differences exist but constant in the face of regional threats.

Egypt's military transformation has also been profound. From its reliance on Soviet arms and doctrine through the 1970's, the Egyptian military is interoperable with our military, a phenomenon that paid a substantial dividend in Desert Storm in 1991, when two Egyptian divisions fought alongside American and other international forces in repelling Iraq's aggression against Kuwait. Egypt continues to provide vital, cost-saving and strategically important military facilities to our forces and facilitates the movement of our forces through and over Egyptian territory.

As with our relations with Israel, there is also unfinished business in our ties with Egypt. Egypt's transition to a vibrant market economy has been faster and deeper than its transition to a pluralistic democracy. The Egyptian government points to ongoing internal security challenges as warranting care in the democratic transition, but this has been a subject of intense debate between our countries in recent years.

Egypt remains intensely interested in expanding the peace process—and was a prime supporter of the Arab League peace initiative of 2002 and 2007 that carries the potential to transform the way the peace process is conducted—but we have often differed on tactics and strategy. For example, Egypt continues to explore the possibility of achieving a ceasefire between Hamas and Israel and reintegrating Hamas into the Palestinian Authority, while the U.S. sees Hamas as a terrorist organization required to meet international conditions before being accepted as a partner in dialogue, let alone peace.

Challenges and Opportunities

Changes in the region and stresses in the world economy present new challenges for U.S. relations with both Israel and Egypt. The terrible costs and consequences of the Bush administration's misguided policies in Iraq not only continue to bleed the United States, in both manpower and resources, but deepen divisions and exacerbate tensions in the region as a whole. Iraq's neighbors, Syria and Iran, watch as we suffer, but our reaction has been to rebuff efforts at dialogue and to use threats and verbal bluster as substitutes for diplomacy. The security of our allies suffers as a result. Israel's security has been challenged considerably by the destabilization in the Gulf and the resultant flood of Iraqi refugees into Jordan. Egypt's security likewise has been complicated by the regional ascendancy of Iran.

Economic stresses worldwide have taken a particularly heavy toll in Egypt, where the lowest economic classes have found it increasingly difficult to meet even basic needs. Inflation is rising and could hit an annualized rate of 20 percent this month. Commodity prices are increasing beyond the reach of many consumers. Tensions over rising prices and food availability have resulted in domestic disturbances that impact on political stability.

These challenges can be transformed, however, into opportunities with agile, assertive and strong U.S.-led diplomacy. Our country is in the enviable position of being able to develop our regional policies on the foundation of strong and vibrant relations with the most important countries in the region. The approach we have followed in recent years—rhetoric, sanctions and military force—must be enhanced by diplomatic engagement, which is a vital tool and asset of our national power.

Diplomacy cannot promise to resolve every issue, but the absence of diplomacy denies us the possibility of addressing challenges to our security. Why should we not engage Iran in a full-agenda dialogue in which we can argue hard and without compromise on the issues of concern to us—nuclear weapons, terrorism and Israel—but also hear what is on the minds of Iranians? We can keep all other options on the table, including military force, but we can and must explore what is possible and beneficial to us diplomatically before deciding whether to resort to military force. The American people need to know that our government has exhausted all possibilities, including diplomacy, before being asked to shoulder more burdens of military engagement.

Similarly, why should we maintain an open-ended deployment of forces in Iraq in pursuit of a "victory" that to this day has not been defined? It is almost two years since I wrote an op-ed in the *International Herald Tribune* that argued for a timetable for troop withdrawal, coupled with a number of other steps to try to stabilize the situation as we draw down. Thousands of American and Iraqi lives later and billions of dollars out of our treasury, we are no nearer to a workable strategy than we were then. Let us not be fooled by a temporary calm in Iraq that essentially depends on the willingness of Moqtada al-Sadr to stand down.

And, in the Middle East peace process, seven years of this administration's inaction, punctuated by periodic flourishes of rhetoric, have resulted in nothing more

than increased stress for both the Israeli and Palestinian people. For a moment last November it appeared that the administration had awakened to the need to work the peace issue. Since the Annapolis summit I have spoken publicly in support of the administration's intentions, analyzing that the "logic" of Annapolis actually had a chance of success. But my effort to defend the administration has sounded hollow to those who have watched numerous trips to the region by the President and the Secretary of State but with no discernible U.S. diplomatic activity with an impact on either the negotiations or the behavior of the parties.

The triangular relationship between the United States, Israel and Egypt remains a cornerstone of all that we have achieved and that we can achieve in the Middle East if—if—we are prepared to do the hard work of diplomacy to keep advancing our interests. It is not too late to change the way we interact with that region, and it is not too late to revive the diplomatic strengths and ingenuity of the United States to advance our interests and the prospects for Middle East peace.

Mr. ACKERMAN. Thank you. Mr. Makovsky.

STATEMENT OF MR. DAVID MAKOVSKY, SENIOR FELLOW AND DIRECTOR, PROJECT ON THE MIDDLE EAST PEACE PROCESS, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Mr. MAKOVSKY. Thank you, Mr. Chairman, distinguished Members of the Congress. Mr. Chairman, I would like to commend you for holding this hearing. It is a theme that is often neglected, but it is an issue that has important consequences for all three countries—the United States, Egypt and Israel—and particularly for the prospects of peace between Israel and the Palestinians.

You have touched on the history, you and the ranking member, so I do not want to repeat that, but I think it is important to understand some context.

Egypt is already in the process of leadership transition in which the fate of the Egypt-Israel relationship may be up for grabs. The United States has a strong interest in an outcome with a new leadership in Egypt that sees peace with Israel and partnership with America as a cornerstone of its national interest, hence, our interest in promoting closer ties.

The stakes are indeed high and Egypt and Israel have common interests. Neither side favors a Hamas government in Gaza, a fear that became a reality in the wake of the Hamas takeover in June 2007. Egyptian President Hosni Mubarak reportedly said recently, "The situation that has developed in Gaza Strip in recent months has led Egypt in practice to having a border with Iran."

Both Egypt and Israel not only oppose Iranian support for Hamas-backed government in Gaza, but also oppose Iranian support for Hezbollah in Lebanon and Iran's effort to develop a nuclear weapon. A strong Iran hurts Egypt and is an existential threat to Israel.

While Egypt and Israel's interests converge, they are not identical. To be fair, they have not reached a common consensus about how they view the future role of Gaza in a relationship to their own countries as each side has a type of hot potato approach. However, I would argue that their common interests still outweigh their differences. Therefore, the issue is how the parties, with the U.S. assistance, operationalize their common interests with respect to Gaza.

Moreover, apart from the Gaza issue, I would like to offer a few concrete policy suggestions and how to bring about greater trilateral cooperation between the United States, Egypt and Israel.

The most case scenario seems to be playing out at present whereby Hamas' presence in Gaza is hurting the bilateral Egypt-Israel relationship amid tough public recriminations on both sides, although they have been muted, more muted at least in recent months. Clearly the most pressing issue is the contention over whether Egypt is being sufficiently proactive in sealing its side of the border and halting the weapons smuggling from the Sinai into the Gaza Strip.

Rockets smuggled into Gaza are then carried to Northern Gaza and fired by Hamas or other rejectionist Palestinian groups at innocent Israelis in adjacent cities and villages. It is estimated that since Hamas' rise to power in Gaza in January 2006, through April 2008, there have been over 2,500 such rockets that have hit Israel.

It remains unclear whether the goal of rocket fire is primarily to establish a terror weapon designed to indiscriminately hit Israel or whether the rockets are part of a broader effort to emulate Hezbollah's military capabilities. The objectives are not mutually exclusive. There are an estimated 40 tunnels along the 8-mile area of what is known as the Philadelphi corridor that runs along the Gaza-Sinai border. Many tunnels of multiple openings. Qassem rockets have a range of 6 miles and that has led to over 5,000 or so Israelis to flee the town of Sderot, which I just witnessed 2 weeks ago, that has a population of 24,000 people. I felt Sderot was more like a ghost town.

Now there are Iranian Grad rockets—smuggled in four sections through the tunnels—that have a range of 10 miles. It was a Grad rocket that hit a shopping mall in Oscalan last week. Oscalan is a city of 106,000 people. So just a few extra miles of a rocket brings another 75,000 Israelis into range. The Israeli head of military intelligence General Amos Yadlin told the Israeli newspaper Ha'aretz that within 2 years, Hamas will have the capacity to hit Beersheva, which is a metropolitan area of approximately 600,000 people. Again, a few extra miles brings many more Israelis within the range of these rockets.

Pressure is building inside Israel for a major incursion to Gaza. Israel may agree to a "tihadiya" or a calming down as suggested in news reports in the wake of Israeli Defense Minister Ehud Barak's visit to Egypt this week, but my senses is that there is heavy doubt that this cease fire will hold since the very definition of a cease fire is not precisely spelled out, and there is no third party to serve as an enforcement mechanism, and to inspect whether the cease fire is being carried out.

As such, a cease fire could collapse very easily as a result, even of a minor incident. Undoubtedly, the biggest argument against a lasting cease fire is that Hamas will use the period to re-arm and to continue smuggling weapons from the Sinai, the Egyptian side of the border. Therefore, it is up to Egypt. If it wants a cease fire to last, it must do better in halting the smuggling. Failure to address the smuggling issue will not only lead to a major Israeli incursion, but would also put pressure on the parties to freeze the Annapolis talks that Israel is engaging in with the Palestinian authority leader Mahmoud Abbas.

While there have been many quiet signals that all the surrounding Arab state actors would like Israel to deliver a dev-

astating blow to Hamas, in whispers—this is not reported in the media—but these are the very same actors who will most likely condemn Israel once the incursion is broadcast on Arab satellite television. In short, unless the smuggling issue is addressed, Israel's peace talks with the Palestinian Authority are imperiled.

For its part, Egypt has charged that Israel is out to embarrass them as a part of an effort to hurt United States-Egyptian relations. They may even make this charge here in Washington about Congress. Egypt says tunnels existed before 2005, when Israel was in control of Gaza, and Israel has not been successful either in halting the creation of tunnels that have been an avenue for commerce for families who live in that border region. They note that during the second intifada from 2000 to 2004, Israel confiscated many rocket-propelled grenade launchers, explosives, Kalachnikov rifles, much ammunition and even built a 25-foot concrete wall—10 feet of which was underground—but to no avail. Egypt says the tunnel shafts are largely on the Palestinian side of the border, but even plugging the tunnel entry points on the Egyptian side would be a major achievement. Egypt believes it should get more credit for trying to broker this “tahajiya,” or calming down or de facto cease fire.

Yet, Israel sees itself as the victim of the status quo that no country would tolerate. Having just returned from the Middle East several days ago, I believe I can claim with a high level of certainty that Israel views the lack of Egyptian action more as a result of a deliberate policy and not as a lack of capacity. Charges of bad faith makes it all the more important that new approaches—trilateral and bilateral—be considered.

The Israelis reject a few core claims. First, they do not believe the smuggling of rockets is the work of rogue elements in the Egyptian security services who are paid by local smugglers to turn a blind eye.

Second, they find it hard to believe that a country of 72 million people that has turned the tide of terrorism everywhere else in the country is suddenly helpless against elements within the estimated 60,000 Bedouins in the northern Sinai.

Israel has provided Egypt with the names of 250 smugglers and asked that they be arrested. Israel knows of none of them have been arrested or certainly not convicted or sentenced. Egypt says that it has sometimes arrested smugglers, but no numbers are known nor is it known, and there is no evidence that a single person, as I said, has been convicted or sentenced.

Third, Israel rejects the view that the problem is insufficient Egyptian troops along the Sinai-Egyptian border. Just as in a hockey game it is not entirely dependent upon the goalie, but rather with the players who intercept the puck up-ice, the problem of weapons smuggling extends along the key arteries in the Sinai Desert where there are no restrictions on troops, all the way to the Red Sea and even to the Sudanese-Egyptian border.

Israel believes that Egypt has avoided being energetic in interdicting the smuggling for a variety of reasons, ranging from glee in seeing Israelis bleed to avoid angering supporters of the Moslem Brotherhood in Cairo, to a longer term hope that they can remove

troop restrictions in the Egypt-Gaza borders called for in the peace treaty.

At the same time, Israelis admit that Egypt has become much more energetic after Hamas breached a Gaza wall in January this year and hundreds of thousands of Gazans spilled into Sinai for a few days. Indeed, Egypt acted quickly and constructed a wall to fill the breach. Yet, it remains unclear whether the wall will affect not just the overland human traffic from Gaza into Egypt, but also the ongoing underground tunnels into Gaza.

So what can the U.S. do to be of assistance? After the U.S. Army Corps of Engineers drafted a geological assessment of the smuggling networks several months ago, the United States subsequently allocated \$23 million of aid to Egypt toward procuring advanced detection equipment such as sensors and remote-controlled robotic equipment to thwart smuggling along the border. So far, the equipment has not been delivered. In fact, the training has not even begun.

So one recommendation I would like to state very emphatically is there is a need to expedite this equipment because the result is an unfortunate signal to the world and to Egypt and to the region that the United States is not serious about this issue. It would also be useful to set up ongoing consultations, trilateral consultations between the United States, Egypt and Israel to discuss the issue. Whether it is called a trilateral security commission and has representatives near the site, this is only one dimension.

If we are talking about a non-site approach, you could have someone like General Keith Dayton who is on the ground anyway in the West Bank and trains Palestinian troops. But the main consultation should be at a high level and should leverage the significant sway of the United States. Such consultations should be flexible. A trilateral format could supplement and not substitute for the existing bilateral Egyptian-Israeli consultations that are being headed by Egyptian Head of Intelligence General Omar Suleiman, and Israel's Military Ministry of Defense Advisor Amos Gilead.

The flexibility of the format would assuage Israeli concerns that the bilateral Egyptian-Israeli security relationship would not be eroded or that the United States would prioritize other dimensions of the United States-Egyptian relationship at Israel's expense.

Format flexibility would lead to greater United States, Israel and United States-Egyptian consultations as well. It would also lend itself to making this issue a greater diplomatic priority for the United States as it engages the highest levels of Egypt as well as other Arab and European countries.

While one could debate about whether unprecedented congressional action on linking \$100 million in aid was focused on the tunnels or was defused, there is no doubt that energetic action by the administration would bring the issue outside of the congressional context. United States-led assistance could be extended to intelligence as well, especially if the problem is located in the broad Sinai and maritime space away from the border and may help to prevent al-Qaeda's efforts as in the past when Egyptian resorts were targeted in the Sinai.

To that end, it would be interesting if the United States could enlist the Multinational Forces Organization (MFO) that exists in

the Sinai now as a part of the 1979 peace treaty aftermath. The MFO was designated to monitor troop movements and ensure no war would break out. I wonder if it is worth studying whether this or a new MFO could be established that would assist Egypt in monitoring the movement of smugglers.

In terms of the scope of the problem within the Sinai Desert, it is interesting that Egypt has not created employment nor housing opportunities for the Bedouins living in the Sinai. In Israel's Negev, there is a Bedouin city called Rahat and employment opportunities in the field of therapeutic plants, embroidery and jewelry. There is nothing comparable in the Sinai. I would recommend that we, the United States, call upon our friends and allies in Europe and elsewhere to look into a Sinai development package. Of course, it needs to be crafted carefully so as not to offend Egyptian pride, but the need is real.

Failure to find more adequate security arrangements in Gaza will lead to violence. Failure by the Egyptians to solve the problem could lead to Israel reclaiming the Palestinian side of the Philadelphi Road in southern Gaza, or creating an international enforcement that exists in the Balkans. So far it should be said neither NATO nor others have volunteered to provide an enforcement force that goes considerably beyond the very limited European monitoring of the Rafah crossing point.

Building upon the foundation of peace should clearly extend beyond the issue of weapons smuggling. It is a sad state of affairs that there has not been a bilateral Egypt-Israel security strategic dialogue since the peace treaty fully took effect in 1982. Where there is no dialogue, the parties tend to attribute the worst motives to policy differences and did not act together when interests converge. As long as the parties do not connect, the peace will not only remain cold, but misunderstandings are bound to increase. The lack of dialogue is especially glaring given that Egyptian military officers do not visit Israel and with the exception of Yitzhak Rabin's funeral in 1995, Egyptian President Hosni Mubarak has not visited Israel since coming into office 27 years ago.

There would be much to discuss in a high-level strategic dialogue between the two countries, given that both share, both share a risk perception of Iran, Hezbollah, and even Hamas. Also, given that strategic dialogues are traditionally kept away from the headlines, this should lend itself to an important exchange of views on common issues of regional concern.

Again, to void the parties talking past each other, the format of the dialogue should sometimes be trilateral and sometimes bilateral. Here the U.S. is indispensable in institutionalizing the obvious dearth of dialogue. If it is to occur, and to correct, I should say the obvious dearth of dialogue. If it is to occur, it is critical that it be chaired by the United States at a high level in order to convey our sense of the seriousness of the effort.

The final point I would like to make is about economic projects. Apart from the security and political dimensions, there are important economic dimensions of peace which should not be neglected. There have been too few Egypt-Israel joint economic ventures. However, there are a few joint ventures that are worthy of note.

After Oslo was signed in 1993, the Egyptian and Israeli private sectors agreed upon a \$1.3-billion petroleum refinery in Alexandria. More recently, the parties agreed on a natural gas pipeline called the East Mediterranean Gas project. This provides Egypt with \$1 billion of annual revenue for natural gas exported to Israel. The Egypt-Israeli memorandum of understanding of 2005 was the first since the peace treaty. Finally, thanks to the support of the United States Congress, there are many qualified industrial zones known by its acronym, QIZ, between the two countries, facilitating free trade to the U.S. and creating a much needed peace dividend.

In this context, it would be useful to expand economic cooperation between Egypt and Israel with the support of the United States. Egypt and its neighbors have major energy needs. A major power plant in the northern Sinai town of Al-Arish could develop a key part of the Sinai, helping Egypt, Gaza, Israel, West Bank and even Jordan. A major desalination plant could also be helpful.

In conclusion, the U.S. can help lead a multi-pronged strategy bringing together the security, political and economic dimensions to shore up the United States-Egypt-Israel relationship. We know that Iran has been bolstering its proxies. It is necessary for the United States to now deal with a neglected part of the relationship that is the foundation of any bid for Middle East peace. Given that Egypt and Israel have led the way in peace, it is fitting that this foundation now be strengthened.

Thank you very much.

[The prepared statement of Mr. Makovsky follows:]

PREPARED STATEMENT OF MR. DAVID MAKOVSKY, SENIOR FELLOW AND DIRECTOR,
PROJECT ON THE MIDDLE EAST PEACE PROCESS, THE WASHINGTON INSTITUTE FOR
NEAR EAST POLICY

Mr. Chairman, and Distinguished Members of Congress:

Mr. Chairman, I would like to commend you for holding a hearing on this topic. It is a theme that is often neglected, but it is an issue that has important consequences for all three countries—the US, Egypt and Israel—and particularly for the prospects of peace between Israelis and Palestinians.

As you know, in 1979, Egypt and Israel became the first parties of the Arab-Israeli conflict to sign a peace treaty. Almost thirty years later, the peace treaty remains strong. In the past, Egypt was the linchpin of the Arab war coalition. Without Egyptian participation, there have been no more the periodic inter-state wars between Israel and its Arab neighbors that began in 1948 and ended 35 years ago in 1973. The peace between Egypt and Israel however has often been derided as a “cold peace,” amid Israeli complaints that Egypt has avoided the spirit of normalization since the inception of the treaty. The Egyptians say failure to solve the conflict with the Palestinians is the reason for the chill.

High Stakes

Whatever the reason, relations must be revisited with a new spirit today. The stakes are high. Egypt is already in the process of leadership transition in which the fate of the Egypt-Israel relationship may be up for grabs. The United States has a strong interest that the outcome is that the new leadership of Egypt sees peace with Israel and partnership with America as a cornerstone of Egyptian national interest. Hence, our interest in promoting closer ties.

Egypt and Israel should have common interests. The stakes are high and Egypt and Israel have common interests. Neither side favors a Hamas government in Gaza—a fear that became a reality in the wake of the Hamas take-over in June 2007. Egyptian President Hosni Mubarak reportedly said recently, “The situation that has developed in the Gaza Strip in recent months has led to Egypt in practice having a border with Iran.” Both Egypt and Israel oppose not only Iranian support for the Hamas-backed government in Gaza, but also oppose Iranian support for Hizbullah in Lebanon and Iran’s effort to develop a nuclear program. A strong Iran hurts Egypt and is an existential threat to Israel. The convergence of interests does

not mean the interests of the parties are identical. To be fair, they have not reached a consensus upon how they view the future role of Gaza in relationship to their own countries, as each side has a “hot potato” approach. However, I would argue that their common interests still outweigh their differences. Therefore, the issue is how the parties, with US assistance, ‘operationalize’ their common interests. Moreover, apart from the Gaza issue, I would like to offer a few policy suggestions on how to bring about greater trilateral cooperation between the US, Egypt and Israel. The worst case scenario seems to be playing out at present, whereby Hamas’ presence is hurting the bilateral Egypt-Israel relationship amid tough public recriminations on both sides (although these have been more muted in recent months).

Clearly, the most pressing issue is contention over whether Egypt is being sufficiently pro-active in sealing its side of the border and halting the weapons smuggling from the Sinai to the Gaza Strip. Rockets smuggled into southern Gaza are then carried to northern Gaza and fired by Hamas or other rejectionist Palestinian groups at innocent Israelis in adjacent cities and villages. It is estimated that since Hamas’ rise to power in Gaza in January, 2006 through April 2008, 2,568 such rockets hit Israel.

It remains unclear if the goal of the rocket fire is primarily to establish a terror weapon designed to indiscriminately hit Israel or whether the rockets are part of a broader effort to emulate Hizbullah’s military. The objectives are not mutually exclusive. There are an estimated 40 tunnels along the 8 mile area of the Philadelphia corridor that runs along the Gaza-Sinai border. Many tunnels have multiple openings. Qassem rockets have a range of 6 miles and have led 5,000 or so Israelis to flee the town of Sderot that had a population of 24,000 people. Now there are Iranian Grad rockets—smuggled in four sections through the tunnels—that have a range of 10 miles. It was this variety that hit a shopping mall in Ashkelon (a city with 106,000 people) last week. The Israeli head of military intelligence General Amos Yadlin told the Israeli newspaper Ha’aretz that within two years, Hamas will have the capacity to hit Beersheva, which has a metropolitan area of approximately 600,000 people.

Pressure is building inside Israel for a major incursion into Gaza. Israel may agree to a ‘tahadiya’ or calming down as suggested in news reports in the wake of Israeli Defense Minister Ehud Barak’s visit to Egypt, but my sense is that there is heavy doubt it will hold since the very definition of a ceasefire is not precisely spelled out and there is no third party enforcement mechanism. As such, a ceasefire could collapse very easily as the result of a minor incident. Undoubtedly, the biggest argument inside Israel against a lasting ceasefire is that Hamas will use the period to rearm and will continue to smuggle in weapons from the Sinai. Therefore, it is up to Egypt. If it wants a cease fire to last, it must do better in halting the smuggling. Failure to address the smuggling issue not only will lead to a major Israeli incursion but will also put pressure on the parties to freeze the Annapolis talks that Israel is engaged in with Palestinian Authority leader Mahmoud Abbas. While there have been many quiet signals that all surrounding Arab state actors would like Israel to deliver a surgical and devastating blow to Hamas, these same actors will most likely condemn Israel once such an incursion is broadcast on Arab satellite television. In short, unless the smuggling issue is addressed, Israel’s peace talks with the PA are imperiled.

Egypt and Israeli Views

For its part, Egypt has charged that Israel is out to embarrass them as part of an effort to hurt US-Egyptian relations. Egypt says tunnels existed before 2005 when Israel was in control of Gaza and Israel has not been successful either in halting the creation of tunnels that have been an avenue of commerce for families who live in that border region. They note that during the second intifada from 2000–2004, Israel confiscated many rocket-propelled grenade launchers, explosives, Kalachnikov rifles, much ammunition and even built a 25 foot concrete wall—ten feet of which was underground—but to no avail. Egypt says the tunnel shafts are largely on the Palestinian side of the border, but even plugging the tunnel entry points on the Egyptian side would be important. Egypt believes it should get more credit for trying to broker a ‘tahadiya’.

Yet, Israel sees itself as the victim of a status quo that no country would tolerate. Having just returned from the Middle East several days ago, I believe I can claim with a high-level of certainty that Israel views the lack of Egyptian action more as a result of deliberate policy and not the lack of capacity. Charges of bad faith makes it all the more important that new approaches—trilateral and bilateral—be considered.

The Israelis reject a few core claims. First, they do not believe the smuggling of rockets is the work of rogue elements in the Egyptian security services who are paid

by local smugglers to turn a blind eye. Second, they also find it hard to believe that a country of 72 million that has turned the tide in terrorism everywhere else in the country is suddenly helpless against elements within the estimated 60,000 Bedouins in the northern Sinai. Israel has provided Egypt with the names of 250 smugglers and asked that they be arrested. Israel knows of none that have been arrested. Egypt says it has sometimes arrested smugglers, but no numbers are known. Nor is it known if a single person has been convicted or sentenced. However, so far, this has not occurred. Third, Israel rejects the view that the problem is insufficient Egyptian troop levels along the Sinai-Egyptian border. Just as in hockey the game is not entirely dependent upon the goalie, but rather with players who intercept the puck up-ice, the problem of weapons smuggling extends along the key arteries in the Sinai desert where there are no restrictions on troops, all the way to the Red Sea to the Sudanese-Egyptian border. Israel believes that Egypt has avoided being energetic in interdicting the smuggling for a variety of reasons, ranging from glee in seeing Israel bleed to avoid angering supporters of the Moslem Brotherhood in Cairo, to a longer term hope that they could remove troop restrictions on the Egypt-Gaza border. At the same time, Israelis admit that Egypt became much more energetic after Hamas breached a Gaza wall in January this year and hundreds of thousands of Gazans spilled into Sinai for a few days. Indeed, Egypt acted quickly and constructed a wall to fill the breach. Yet, it remains unclear whether the wall will affect not the just the Gaza to Sinai overland human traffic, but also the ongoing Sinai to Gaza underground tunnel weapons traffic.

How the US Can Help Combat Smuggling

So, how can the US be of assistance? After the US Army Corps of Engineers drafted a geological assessment of the smuggling networks several months ago, the US recently subsequently allocated \$23 million of aid to Egypt towards procuring advanced detection equipment such as censors and remote-controlled robotic equipment to thwart smuggling along the border. So far, the equipment has not been delivered. Failure to expedite delivery sends an unfortunate signal that the US is not serious about this issue.

Egypt says having more troops would be useful, but Israel believes the current deployment of 750 border guards was the result of a 2005 Memorandum of Understanding with Cairo. Some in Israel think Israel should accede to a higher number if only to call Egypt's bluff, so to speak. However, as noted above, Israel sees this personnel issue along the Philadelphia Road as a way to avoid the main issue. They believe action along the Philadelphia Road should only be a small part of the broader interdiction efforts.

It would be useful to set up ongoing consultations between the US, Egypt and Israel to discuss this issue. Whether a trilateral security commission has representatives near the site is only one dimension. If this on-site approach prevails, it could be useful to have someone like General Keith Dayton who is on the ground in the West Bank and trains Palestinian troops. But the main consultations should be at a high level and could leverage the significant sway of the US. Such consultations should be flexible. A trilateral format could supplement, and not substitute for, existing bilateral Egyptian-Israeli consultations that are being headed by Egyptian head of Intelligence Omar Suleiman and Israel's Ministry of Defense advisor Amos Gilead. The flexibility of the format would assuage Israeli concerns that the bilateral Egypt-Israel security relationship would not be eroded, or that the US would prioritize other dimensions of the US-Egyptian relationship at Israel's expense. Format flexibility would lead to greater US-Israel and US-Egyptian consultations, as well. It will also lend itself to making this issue a greater diplomatic priority for the US as it engages the highest levels in Egypt, as well as other Arab and European countries. While one can debate about whether unprecedented Congressional action on linking \$100 million in aid was focused on the tunnels or not, there is no doubt that energetic action by the Administration as it would bring the issue outside the congressional context.

US-led assistance should be extended to intelligence as well, especially if the problem is the broad Sinai and maritime space away from the border. It may help against al-Qaeda efforts, as in the past, when Egyptian resorts were targeted in the Sinai. To that end, it would be interesting if the US could help enlist the Multi-national Forces Organization (MFO) that exists in the Sinai as part of the 1979 peace treaty. The MFO was designated to monitor troop movements and ensure that no war would break out. I wonders if it is worth studying whether this or a new MFO could be established that would assist Egypt in monitoring the movement of smugglers.

In terms of the scope of the problem within the Sinai Desert, it is interesting that Egypt has not created employment nor housing opportunities for the Bedouins living

in the Sinai. In Israel's Negev, there is a Bedouin city of Rahat and employment opportunities such as therapeutic plans, embroidery, and jewelry. There is nothing comparable in the Sinai. I would recommend that we, the United States, call on our friends and allies in Europe and elsewhere to put effort into a Sinai development package. Of course, it needs to be crafted carefully so as not to offend Egyptian pride, but the need is real.

Failure to find more adequate security arrangements in the Gaza area will lead to violence. Failure by the Egyptians to solve the problem could lead to Israel reclaiming the Palestinian side of the Philadelphi Road in southern Gaza or interest in international enforcement that exists in the Balkans. So far, neither NATO nor others have volunteered for an enforcement force that considerably goes beyond the quite limited European monitoring of Rafah crossing point.

Strategic Dialogue

Building upon the foundation of peace should clearly extend beyond the issue of weapons smuggling. It is a sad state of affairs that there has not been a bilateral Egypt-Israel strategic dialogue since the peace treaty fully took effect in 1982. When there is no dialogue, parties tend to attribute the worst motives to policy differences and do not act when interests converge. As long as the parties do not connect, the peace not only will remain cold, but misunderstandings are bound to increase. The lack of dialogue is especially glaring given that Egyptian military officers do not visit Israel, and, with the exception of Yitzhak Rabin's funeral in 1995, Egyptian President Hosni Mubarak has not visited Israel since coming to office 27 years ago. There would be much to discuss in a high-level strategic dialogue between the two countries, given that both share a risk perception of Iran, Hizbullah, and even Hamas. Also, given that strategic dialogues are traditionally kept away from the headlines, this should lend itself to an important exchange of views on common issues of regional concern. Again, in order to avoid the parties talking past each other, the format of the dialogue could sometimes be trilateral and sometimes be bilateral. Here, the US is indispensable in institutionalizing the obvious dearth of dialogue. If it is to occur, it is critical that it be chaired in the US at a high-level in order to convey our sense of the seriousness of the effort.

Economic Projects

Apart from the security and political dimensions, there are important economic dimensions of peace which should not be neglected. There have been too few Egyptian-Israeli joint economic ventures. However, there are a few joint ventures of note. After Oslo was signed in 1993, the Egyptian and Israeli private sectors agreed upon a \$1.3 billion petroleum refinery in Alexandria. More recently, the parties agree on a natural gas pipeline called the East Mediterranean Gas project. This provides Egypt with a \$1 billion of annual revenue for natural gas exported to Israel. The Egyptian-Israeli memorandum of understanding of 2005 was the first since the peace treaty. Finally, thanks to the support of the US Congress, there are many Qualified Industrial Zones between the two countries, facilitating free trade to the US and creating a peace dividend.

In this context, it would be useful to expand economic cooperation between Egypt and Israel with the support of the US. Egypt and its neighbors have major energy needs. A major power plant in the northern Sinai town of Al-Arish could develop a key part of the Sinai, helping Egypt, Gaza, Israel, West Bank and even Jordan. A major desalination plant could also be useful.

Conclusion

The US can help lead a multi-pronged strategy bringing together security, political and economic dimensions to shore up the US-Egypt-Israel relationship. We know that Iran has been bolstering its proxies. It is necessary for the US to now deal with a neglected part of the relationship that is the foundation of any bid for Mideast peace. Given that Egypt and Israel have led the way in peace, it would be fitting that this foundation is now bolstered.

Mr. ACKERMAN. Thank you. The chair intends to strictly abide by the 5-minute rule inasmuch as we have been notified there will be a series of votes between 3 o'clock and 3:15, hopefully, on the latter side. We have this room only until 4:00, so depending on when they ring the bells and we are finished, it is the chair's intent to adjourn the hearing so we will try to keep the questions and the answers brief at this point.

First, Ambassador Kurtzer, how well, in your experience, does the United States Government do in both in terms of fostering communication between Israel and Egypt and among its own parts and piece of the relation to the two countries?

Are there sufficiently established mechanisms or does the State Department wind up playing a high-stakes version of the telephone game among U.S. agencies and our Embassies in between the two countries, and is there anything we need to do to internally to make sure that your positions and views are coherent and clear?

Ambassador KURTZER. Since the earliest days of the peace treaty, at which time I was actually stationed in Egypt as a junior officer and following that, stationed in Israel as a junior officer, it has been part of our standing instructions to our Government employees to try to foster better communications, better relations between the two countries.

But I must admit, Mr. Chairman, that it often fell victim to much higher priority political requirements that were imposed on our diplomats and our Embassies at the time. During the early period, from 1979 to 1982, Israel and Egypt negotiated some 48 bilateral normalization agreements covering almost all aspects of relations between the two countries.

From 1982 onwards, almost none of those agreements was actually put into force, although in some cases those areas requiring bilateral cooperation, such as transportation and communications and commerce, were in fact implemented out of necessity.

So in response to the question, the State Department certainly has kept it as one of its priority issues to foster communications and dialogue, but has not necessarily imbued the two Embassies with strong enough instructions or with the capacity to use those instructions wisely. Some of the ideas, for example, that Mr. Makovsky suggested would certainly be wise to consider in order to have the United States exercise a leadership role in trying to shore up the weaker parts of the Egyptian-Israeli bilateral relationship.

Mr. ACKERMAN. Did you want to comment on that? Can Egypt stop the smuggling through the tunnels? Start with Mr. Makovsky, and is any part of official Egypt involved?

Mr. MAKOVSKY. Well, it seems that when Egypt was mobilized, as it was in January when the Hamas broke the walls, they were able to be very energetic in reconstructing those walls, reinforcing them to stop Gazans pouring into Egypt. You would like to hope that the same level of alacrity and mobilization would now be employed with the underground tunnels the other way.

I would just say that General Suleiman, in my view, is trying to broker the cease fire I am sure is genuine in wanting the cease fire, but my fear is this cease fire is just not going to hold. There is none of the mechanisms in place that give me any confidence that it will hold, and if the Egyptians do not plug the tunnels, then I think a major Israeli incursion into Gaza is eminent, and therefore I see a relationship between all these things.

If Egypt wants to make sure Israel does not go back into Gaza, and the Israelis do not want to go back into Gaza, after all, they got out in 2005 not to go back, but if the cease fire becomes equal with Hamas rearmament, their ability to consolidate and re-arm,

and that the Israelis cannot touch them because of a cease fire, that cease fire will not be viable over time.

So I think a lot is in Egypt's hands. If they plug those tunnels, then the cease fire may hold. A lot of other more military options will be adverted.

Mr. ACKERMAN. Ambassador?

Ambassador KURTZER. I would like to hope that Egypt could do it, but Mr. Chairman, I am not sure that I would be as confident as Mr. Makovsky, that it is a simple proposition.

Number one, we all recall—of course, I was serving in Israel in the years before disengagement—when the Israel army in occupation of Gaza was also unable to close down all the tunnels. The smuggling operations that go on over the Egyptian-Israeli and Egyptian-Gaza border are both low-tech but also quite sophisticated.

Number two, the other dilemma here is that the peace treaty itself imposed a number of limitations on the deployment of Egyptian forces in the eastern Sinai. As part of the discussions that led to enhanced Egyptian activities in that area, the Egyptians and Israelis agreed to certain provisions that did not compromise the treaty, but certainly changed the interpretation of some of the limitations in the treaty. I think both sides, though, are wary, and I would second that wariness to reopen those security provisions that have proved to be so sound over the years.

So, yes, Egypt can do much better. They should do much better—with technology, intelligence cooperation, training, equipment—but I am not sure that it is as easy a task as some may suggest.

Mr. ACKERMAN. Thank you.

Mr. MAKOVSKY. If I could just—may I? I just want to be clear.

Mr. ACKERMAN. My time has expired.

Mr. MAKOVSKY. I just want to say I am not here to say it is simple. I am just saying that a multi-prong effort is needed. Egypt knows in the other parts of the country how to ensure its security. This seems to be the only border that it has not been successful. The focus, like I said, should not just be around the goalie. It should be farther up-ice, and Israel has given these 250 names of people that they said, you know, that they could arrest, and these people do not seem to have been arrested.

So I just think they could do better. I do not mean to suggest they could—

Mr. ACKERMAN. Thank you.

Mr. MAKOVSKY [continuing]. Stop at 100 percent.

Mr. ACKERMAN. Mr. Pence, 5 minutes.

Mr. PENCE. Thank you, Mr. Chairman. Thank you for your harsh enforcement of the time on even the chair. It is very courteous, and given the constraint of votes.

I apologize for having to step out during the Ambassador's testimony, but I wanted to assure our distinguished guests I read your testimony, and I just have enormous respect for you and for your nearly three decades of service to this country.

I must confess that I was somewhat taken aback by the strength of your remarks. I know you were on the Iraq Study Group's Expert Subcommittee. I think the Iraq Study Group was the first—it is largely forgotten—but I think the word "surge" actually came

from the Iraq Study Group's proposal, and in your testimony you talked about when you wrote 2 years ago advocating for a specific timetable for troop withdrawals in the International Herald Tribune. There seems to be no discernible evidence in your statement today that the surge has worked rather overwhelmingly to change our security situation on the ground and a 90-percent reduction in sectarian violence in Baghdad, 70 percent-reduction in military violence in Anbar and Baghdad. So I am just complaining. You do not need to respond to that.

Specific on the issue of this hearing, in August 2005, I led a delegation to Iraq by way of Egypt, and I met with that summer, now almost 3 years hence, the new Israeli Ambassador to Egypt. I mean, he was fresh out of the box. He had just arrived in town. I want to talk about what you two agree on here. You both have indicated that the relationship there between Israel and Egypt, you characterize as "cold."

I remember distinctly hearing that there were a bunch of firsts in that relationship when I was there, that for the first time the Israeli Ambassador's editorial opinions were being published in state-run newspapers. He said that he was being granted courtesy audiences with ministers in the Egyptian Government. I got the impression it was a first. There was talk—you know, all the discussion about the enterprize zones, and mutual capital formation between the two countries.

I guess my question, respectfully submitted to both, is that did something go south in 2005? Was that just the exuberance of welcoming a new diplomat to town by the Egyptian Government and then it went back to—the water went back to level? Could you respond, each of you individually, in the context of my experience there? Has things—is cold an improvement I guess is my question or was that a momentary incorrect impression?

Ambassador, you can lead off.

Ambassador KURTZER. Thank you, Congressman, and thank you for your kind words. When you did step out, I also expressed thanks to you and your colleagues for the support that you have given me over the years, and I have enjoyed the relationship.

I think at any point in this bilateral Egyptian-Israeli relationship it is really hard to pinpoint whether the index is going up or down. It is a little bit like watching the market from hour to hour. In fact, over the past several years through some quiet diplomacy, including by the United States, some of what previously had been characterized as a cold relationship did show some signs of improvement as you indicated your question.

In fact, during my tenure as Ambassador to Israel, I got a call, an invitation to go to Egypt and talk to President Mubarak, and with the blessings not only of our own Government but also of Prime Minister Sharon, I did so quietly, and hopefully that contributed a little bit to the improvement of dialogue.

Right after my visit to Egypt, Mr. Sharon dispatched his then-national security advisor, and one could see a discernible trend upwards in the quality of the dialogue.

You asked for a single word to describe the course of 30 years. "Cold" is probably the best word, but it does not really capture the multifaceted nature of this relationship. Some parts of it could be

dramatically improved and some parts of it have been improving. I think the one constant here is that the tending of the United States in this relationship always proves critical to both sides to get rid of the small problems that crop up, and to keep them focused on the strategic areas in which they agree.

Mr. MAKOVSKY. I agree. I mean, I think the United States has so many diplomatic priorities, maybe doing diplomatic maintenance, there is not a lot of time for that. But this relationship needs to be shored up, you know, to give credit to General Suleiman, I think he is trying to help with—like I said, with the cease fire, but I think if the United States does not kind of shine a spotlight, then they are likely to squabble over second, third-tier issues, and that is why I listed so many projects I thought for trilateral cooperation, because I do not think we could just rely that the parties themselves will handle the problems.

There are sensitivities in both countries to the importance of maintaining bilateral ties. As you know, Israel—you know, the fact that they have a peace treaty, they cherish those direct relationships, and they do not want to do anything that would be seen as diluting them, but that is why I called for a flexible format, where you could maintain bilateral relations, but getting the United States on board, in my view, could energize the parties to focus on those key areas where there is a clear convergence of interests, and I believe those commonalities outweigh the differences, and that is where the United States can make a difference.

Mr. ACKERMAN. I remind members that the witnesses are responding on your 5 minutes. So if you want them to answer as fully as we would like, leave them sufficient time.

Mr. Scott.

Mr. SCOTT. I will do so, Mr. Chairman. Thank you for that warning.

You know, there appears to be some discussions going on between Egypt, Israel, and now apparently there is some discussion going on between a delegation of Hamas that has arrived in Egypt to talk with Egyptian officials about the group's offer of a 6-months truce to Israel. I would like to get your comments on that, and I understand that yesterday they met with or were scheduled to meet with Egyptian intelligence chief, Lieutenant General Omar Suleiman. Can you give me an update on that, give us an update of what has occurred with these talks?

Ambassador KURTZER. Well, Congressman, I have learned in my long career and I take it into private life, that I leave to Israel to determine what it thinks is best for its security. If I were asked advice, I would probably advise against entering into a cease fire with Hamas. I respect the Israelis' desire for some peace and quiet and some calm along a very troubled border.

The reason that I would suggest not to do this is that Hamas right now is feeling pressure as a result of diplomatic activity between Prime Minister Olmert and President Mahmoud Abbas, and a cease fire would simply put Hamas back into a driver's seat where they do not deserve to be, and would give them time to re-ensconce themselves in Gaza and to reinsert themselves into the rather dreadful lives that Gazans live at the moment. I do not

know why anybody wants to give them that time to reestablish themselves and to strengthen.

I understand, however, that Israel is making decisions for other reasons, because of the problems in Sderot and Ashkelon and the hope that it would lead to the return of Gilad Shalit, the captured Israeli soldier, but it is a very challenging game that is being played here.

I do not have an update on the latest rounds of talks. Senior Israeli officers were in Cairo, and at least the newspaper reports are suggesting that progress has been made, but I think this is one of those cases where you have to wait until the finish line is actually crossed. Hamas has a tendency of renegotiating so-called agreements after the fact through its public statements, and I would be very cautious with respect to anything they appear to agree to until we see the fine print.

Mr. SCOTT. Yes, sir.

Mr. MAKOVSKY. I would like to agree that I am also very skeptical that this truce will hold, and having just returned, I met a lot of people who were skeptical, including Palestinian officials that I talked to, as well as Israeli, of course, because in their view, look, it is not just Hamas. As you know, there are 11 different factions in Gaza, and Hamas has not always fired the rockets, but they carefully do not impose their discipline on others, claiming that this is resistance. So it is unclear, even though their preliminary reports of the factions are kind of acquiescing at this stage, that easily breaks apart. These things are not put in writing, although there is rumors of some sort of 16-page secret nonpaper—it is unclear.

But is everyone on the same sheet of music? I just have my doubts. I mean, just to give you something that would be prosaic, there is a buffer area in the three kilometers near the fence, and Israel has seen things that look like simple houses are then detonated when Israeli jeeps go by. In a cease fire, there will be no way to inspect these. Maybe they are just homes, maybe not.

If you do not have common definitions, and you do not have one central authority, and you do not have any enforcement mechanisms by a third party, my fear is that it will break apart, and the best case, Olmert would see it as something that would maybe give some quiet and enable Annapolis to succeed, and in his talks with Condoleezza Rice and Mahmoud Abbas, saying, well, maybe quiet it there, and then this way we could get the Annapolis document done.

I do not know if that is really going to be what it is about. They have so completely no faith that I think they would rather say, well, we will go along this time, we do not want to anger the Egyptians, we want to be polite to the Egyptians, but then when it breaks down, we tell the world we tried.

Mr. SCOTT. I have got one more—

Mr. ACKERMAN. Go ahead.

Mr. SCOTT. I have got 5 seconds here but I do want to get this in about our Presidential election is coming. We have got a succession issue. Israel and Egypt all have succession issues coming up, and what will be the consequences to our trilateral relationship?

Would you say we are in for some surprises or should we anticipate a mostly steady state for our trilateral relationship?

We know we are going to get a change here.

Mr. ACKERMAN. 30 seconds to answer.

Ambassador KURTZER. There are a lot of rumors about the succession issue in Egypt, and I tend to discount many of them. The Egyptians have gone through a couple of successions since their revolution in 1952, and I do not expect, frankly, analytically to see much change in how this succession will take place, and I think it will be a stable overall situation.

The situation in Israel is more challenging because it is much more democratic and therefore much more up in the air, and I think it will depend entirely on the legal issues surrounding Prime Minister Olmert. If they are settled without an indictment, then the government, I think, can stand for quite some time.

Mr. MAKOVSKY. I agree with Ambassador Kurtzer about Israel. I would just say on Egypt, I would like to say something in praise of President Mubarak. I feel, as someone who has been the head of Egyptian Air Force, his whole life since the 1973 war; he has believed that war has been bad for the economic development of Egypt. And when some people have mentioned the idea of another war, he has swatted it down. What we do not know whether his son succeeds or not, does that same generation, that next generation have the same sort of memories that Hosni Mubarak does—he just celebrated his eightieth birthday the other day—and will the have his commitment. I do not think anybody wants war. I want to be clear about that. But Mubarak—

Mr. ACKERMAN. Thank you.

Mr. MAKOVSKY [continuing]. Is very steady at the helm and we could have many criticisms of Egypt as I think we voiced here, but I do not think anyone should question his belief that war is bad for Egypt.

Mr. ACKERMAN. Thank you, Mr. Scott.

That being said, Egypt seems to some degree of tolerance of Hamas, more than just nuanced from time to time. You point out Egypt knows the consequences of war. Israel seems to understand that a terrorist state in Gaza is a terrorist state on its border.

Does Egypt understand that a terrorist state in Gaza is a terrorist state on its border? And if not, why are they playing what looks to me sometimes like the insurance game?

Ambassador KURTZER. The Egyptian attitude toward terrorism and terrorist groups is actually quite nuanced. As you know, they have been very tough over the years in using military force, police force to put down terrorism, but they have also very often allowed so-called reformed terrorists to get out of jail in the hope that a combination of carrots and sticks, and some degree of openness, and very harsh reactions when that does not work, will actually yield results.

I think the Egyptians have approached the issue of Hamas and Gaza the same way. They have been burned by terrorism directed against Egyptian facilities in Sinai. These were the first reminders that the absence of care of what happened in Gaza could actually come back and hurt Egypt, not just hurt somebody else. But I think the Egyptians nonetheless have tried to follow this carrot

and stick game. No tolerance for terrorism, but a willingness on their part to see whether terrorists can be reformed.

I think we disagree fundamentally on that question, but it seems to be the Egyptian approach toward this issue.

Mr. MAKOVSKY. I would say that Egypt tends to look at Hamas and their state and Gaza through the prism of their domestic policy and politics in Egypt; that as long as Hamas are not killing Egyptians, they do not want to be seen as tough on Hamas in a way that could anger supporters of the Moslem Brotherhood which is—Hamas is after all the Gaza chapter of the Moslem Brotherhood. They don't want to anger their supporters inside Egypt.

Mr. ACKERMAN. Do they not understand that guns in the hands of terrorists in Gaza can turn 180 degrees?

Mr. MAKOVSKY. They should realize that tunnel—tunnels can go both ways, and the one time where the Egyptian public opinion really turned on Hamas was when they blew up this wall in January of this year, and there were some fire rights against Egyptian soldiers. They even put up a Hamas flag, I believe, at an Egyptian installation in the Sinai, threw rocks, and then the pundits in Egypt really turned on Hamas, and said, "We have done so much for the Palestinian cause, this is the way you treat us."

But they cannot just look at it in a domestic context. One Egyptian security official said, "We do not want an Islam estate on our eastern frontier." But I think in reality so long as the guns have turned away from them, they have seemed to believe that this is somehow—they are somehow insulated, but I agree with you, Mr. Chairman, that guns in the hands of certain people can go in many different directions.

Mr. ACKERMAN. Israel seems to have taken an action which resulted in the destruction of an either embryonic or nascent nuclear facility in Syria, and the reaction in the Middle East basically was almost total silence. There seemed to be no strong objection to that, and the Egyptians, among others, did not feel the need to have any huge outcry over it.

If the Israelis out of some conclusion that it was necessary had to take some action in Gaza, could we expect the same new enlightened nonreaction from Egypt and the rest of the Middle East, or is this a different ball game?

Ambassador KURTZER. I think the lack of response both from the Syrians as well as from the rest of the Arab world indicate, (A) Syria's weakness, and (B) Syria's lack of status right now among its Arab brethren. I do not think there were any tears shed in any Arab capital with the destruction of what could have been a nascent nuclear program in Syria. Had that program been allowed to continue, it would have been dangerous for everyone and deleterious to everyone's security.

The situation in Gaza is different only insofar as the Palestinian issue has always motivated the so-called Arab street. Even if Hamas is in charge of Gaza, military actions in Gaza run the risk of large civilian casualties, and despite the care with which the Israeli defense forces always exercise in trying to minimize casualties, it is likely that in a large-scale incursion it would raise the specter of civilian casualties, once again 24-hour coverage on Aljazeera, and other Arab channels. I am not sure the reaction

would be as acquiescent as we saw with respect to the attack in Syria.

Mr. MAKOVSKY. I agree. Basically, the difference between September 6 and this situation is the covert versus the overt. September 6 was one of these textbook cases that I think will be studied for many years of when the Middle East everyone played their role. Israel hit but did not talk. Olmert got more credit for not taking credit than anything he ever got credit for.

The Arabs who are made at the Syrians still for being on the Iranian side in the Iran-Iraq War saw the Israelis did not take credit, so they did not have to condemn. They did not have to condemn. Bashar is not in the corner. He does not retaliate.

Ninety-nine out of 100 times the Middle East will break your heart, but one out a 100 times you just watch it unfold, and that was the time, on September 6.

Now, this is a very different situation. Without naming names, I think I can say that many Arab figures in the Middle East are egging Israel on to stage a major incursion in Gaza. They want to see the Israelis crush Hamas, but they have an image of Israel that they can do this in a surgical, bloodless manner out of Star Wars where they would zap people with laser guns, and no one will feel it, and just Hamas will be decapitated the next day.

I do not believe that is reality, and the same people that are egging Israel on in private will be the first ones, in my view, to condemn Israel in public when this is on Aljazeera, and there will be some very unfortunate collateral civilian casualties.

Mr. ACKERMAN. Okay, let me—

Mr. MAKOVSKY. But welcome to the Middle East.

Mr. ACKERMAN. Thank you. If we took this one in 100 script and moved it to a different theater and try to replicate it in say Iran where the execution of it probably would not be anywhere near as neat and possibly not anywhere near as complete because of multiple stages of play, is it possible that the reaction would be the same as when they took the reactor out in Syria?

How upset would the Arab world be and how upset would they appear to be?

Ambassador KURTZER. I think, as David Makovsky just indicated, there is going to be a public face and a private face. The private face in virtually every Arab hall of government, if the Iranian program is set back, would break out in smiles and dance for joy. The problem is going to be it is not a simple matter to contemplate the same kind of surgical strikes that took place either in 1981 against Osirak or in September in Damascus.

Number two, one would not expect the same nonreaction from the Iranians as there was a nonreaction from the Iraqis 27 years ago and from the Syrians 10 months ago.

So the unfolding of this drama would probably fit into the 99 out of 100 that David was suggesting rather than the one. In other words, the probable inability to knock out the program in one blow, the likelihood that it could not be done clandestinely, the likelihood of a response which would start an action/reaction spiral would make that scenario very different from what we have seen in these previous cases.

Mr. MAKOVSKY. I would refer people to, Mr. Chairman, your own statement made about a month ago. I have referred others to it, saying those who do not want a military action should take much tougher trade sanctions on Iran. I thought that was a wise statement then and I think it is today.

Mr. ACKERMAN. Do not get me wrong, I was not advocating that—

Mr. MAKOVSKY. No.

Mr. ACKERMAN [continuing]. Anybody make that strike.

Mr. MAKOVSKY. No, I know. I know. And I think your point was that the tougher the economic policies today, the more it could advert some of these other more drastic scenarios.

As Ambassador Kurtzer just pointed out, you know, this is overflying a much further distance, the program, unlike where Syria, my understanding—I do not think it has yet been in the media, but the Syrian defense minister did not even know about the program inside Syria. It was such a well kept secret. It wasn't as well guarded militarily. The Iranians, on the other hand, have a very well guarded program with their defenses, harder to over-fly. It is more spread out. There are underground bunkers.

Mr. ACKERMAN. I understand the difficulty.

Mr. MAKOVSKY. It is harder—

Mr. ACKERMAN. But my question went to the reaction.

Mr. MAKOVSKY. The reaction, I would argue, and I am not trying to argue for it or against it. I am just saying it is hard. I think the reaction, as Ambassador Kurtzer said, it will break down what I would call the regime Arabs and the Aljazeera Arabs. The regime Arabs will be—if it is done well—will be thrilled. We will say in Mabrook congratulations, because they very much fear Iranian hegemony.

As Tony Blair just said, within 10 minutes of talking to any Arab head of state, you are talking about Iran. That is how high the fear is, and how much they fear Iranian ascendants in the region.

The people who watch television, on the other hand, may see Iran as an underdog, so their reaction may be different, and unfortunately, the leaders tend to be more concerned about how the public reacts in public. So we might have a split screen reality, but in public both sides of the screen may be negative.

Mr. ACKERMAN. Mr. Scott.

Mr. SCOTT. Yes. So what do we do with Iran? I mean, it seems to me that the fundamental question is going to evolve at some point. What does the world do with Iran?

You know, I will tell you something. I am going over to Germany Friday, and in anticipation of my trip to Germany I got this book on Adolph Hitler, and I prepared myself. This is my first time going to Berlin. And I have always been fascinated about that time in history between 1937 and 1943–44, when it was really—Nazism was really—and I have also—that is one thing I am looking at. And parallel to that I have got this book on Iran, and I am looking at these two phenomena, and I am telling you I see some similarities here. I mean, I really do.

I mean, when you have an actor in the region that continuously gets bolder and gets bolder and gets bolder and it starts like a sponge, Iran, they got their hands over there in Iraq. They are

making these IEDs, killing our soldiers. Then you have got Hezbollah and Hamas, which they are their agents, dealing up and down the line in Syria, Lebanon, Israel, and meanwhile you have got countries, and you hit—which sparked my mind to it—you got these countries who are kind of blotching this. They are looking, as you used the word underdog, and that was the same word that was used during the early stages of Hitler's rise. He played on that.

So my point is, and I do not want to belabor it, is that—I mean, I am looking at this phenomenon and I am saying sooner or later Iran is going to have to be dealt with. I am not the wisest guy in the world, but as the Ambassador, and as a very noted, knowledgeable expert on this region, what do you say about this and how do we deal with it—Iran?

Ambassador KURTZER. Congressman, I have always distinguished both in my diplomatic career and now as an academic between analysis and policy, and I think analytically I do not disagree with anything you said. I think all signs point to the need for the United States either alone or hopefully in concert with others to be able to deal with a major threat to stability in the region. That is analytically.

In policy terms though, it has struck me that we as a country have been very willing to use three assets of our national power—rhetoric, sanctions and the threat of military force—but we have been unwilling to use a forth asset, and that is diplomacy.

Now, I am not suggesting that diplomacy is a panacea. I am not suggesting that diplomacy provides a magical solution, but I do not understand why we are not trying it. Why are we not talking to the Iranians at all levels? Why have we shut off the possibility of a full agenda dialogue?

We know what is on our minds, and they are three major issues—nuclear weapons, terrorism, and this extraordinary talk about destruction of another member state of the United Nations and denial of the Holocaust. We know that is our agenda, but why do we not at least listen to what the Iranian agenda is as well? Not that we are going to be necessarily persuaded by it, but diplomacy affords you opportunities to learn about your enemy, to maybe gather some information about your enemy, to influence your friends, perhaps to break down some of the problems into manageable potential solutions. And if diplomacy fails, you still have the possibility of the use of arms.

I have just been really puzzled by why we have not utilized this asset of ours to try to probe and move the Iranian position. It is not appeasement to talk to your enemies.

Mr. SCOTT. And I agree with you 100 percent, and I asked Condoleezza Rice that very question, and if you ask her, she will say, Oh, we are talking to them. I mean, she said this, “We talk to them.”

Ambassador KURTZER. I respect the Secretary's response because, in fact, there was a dialogue for limited purposes between our two Ambassadors in Baghdad.

Mr. SCOTT. Right.

Ambassador KURTZER. What I am talking about, though, is a full agenda dialogue. There is a long history to our bilateral relationship with Iran. In my class at Princeton, we talk about a “*déjà vu*

all over again” phenomenon. It goes back to a coup that we instigated in 1953. It goes back to the 1979 revolution. There is a lot of water that has passed under our bilateral bridge, and we do not have a mechanism to talk about the full scope of relations between our two countries.

Again, not with a naive expectation that we are going to solve this problem, but I want to be able to see an administration and a Congress answer to the American people that we have tried everything else before asking us again to support military action, and that means diplomacy.

Mr. SCOTT. Good point. I agree with you.

Mr. MAKOVSKY. If I could, Congressman, I would just like to add. You know, this dialogue has been very much in the news in the last few days. I do not mean to insert myself into this partisan debate, but I would argue whether you are for dialogue or not for dialogue, and I think Ambassador Kurtzer would agree with me that a big question is, What is the leverage that you bring to the dialogue? That is why I liked Congressman Ackerman’s statement of a month ago, because it dealt with the leverage dimension, and I think the key is concert, working with our allies multilaterally to ensuring that we maximize our leverage.

If you talk to Sarkozy in France, Merkel in Germany, Gordon Brown in England, I think when it comes to the issue of Iran, there is much more that unites us than divides us. We are pretty much all see it very similarly, and therefore whether there is or there is not a dialogue, and no one wants Iran to kind of play out the clock like a basketball game as they build their nuclear program, but the key element to me is whether you care talking to them, and there might be some very strong benefits to talking to them, but the key question is, What is our leverage that is going to make the Iranians want to listen, and what are our plans if the dialogue fails?

I think, to the extent we could create multilateral consensus about our leverage, and what do when the dialogue fails, if it fails—we all hope it would succeed of course—but I think those are the key questions and that could very much shape how the American people look at the issue of dialogue with Iran.

Mr. SCOTT. Thank you. I see my time is up.

Mr. ACKERMAN. I thank the gentleman.

Well, I think, Ambassador, your willingness to have dialogue with Iran has just taken you off the short list of Vice Presidential possibilities for John McCain, but we will see how that works out.

Ambassador KURTZER. Probably true, yes.

Mr. ACKERMAN. Let me get back to Egypt and Israel if I might. Since the Clinton administration, the United States has engaged Israel in an annual strategic dialogue, a process that is absolutely essential given what you have said, Ambassador, rightly referred to it in your testimony as the regional ascendancy of Iran. Two questions come to mind in that context.

First, why does not the United States have such a mechanism for strategic level of exchange with Egypt? Should we not have one?

Secondly, there is no formal mechanism for trilateral discussions at senior working levels either. Why is that? Ambassador and then Mr. Makovsky.

Ambassador KURTZER. Mr. Chairman, the answer to both questions is decidedly yes. We should definitely try to replicate the great institutional strength of the United States-Israeli strategic dialogue that takes place at a number of levels. We have it in military channels. We have it in diplomatic channels. We have it at national policy levels, and that institutionalization of the relationship has really helped get us over a lot of problems that never see the light of day because we have handled them in this structured manner.

We do have dialogues with Egypt in the course of our discussions over the security assistance each here. There is a kind of strategic dialogue that takes place. But I would agree with you fully that it ought to be institutionalized and ought to cover a variety of levels of our Government, both working and policy level.

I would also agree very strongly with what you said, Mr. Chairman, and what David Makovsky alluded to earlier, we should take the leadership in structuring several trilateral forums in which to work through some of these problems, not all of which will be amenable to solutions, but again, the presence of these mechanisms will at least allow an opportunity for vetting the problems and then hopefully developing solutions. That is an area where it is not too late in this administration, but certainly could be on the early agenda of the next administration to proactively structure this kind of institutionalized trilateral relationship.

Mr. MAKOVSKY. As I said in my testimony, I believe that it is crucial for trilateral strategic dialogue, and it could be supplemented by an Israeli-Egyptian bilateral dialogue. This has not happened since the peace treaty in 1979. I think it is critical, and like I tried to say in my remarks, I think it should be led at a high level by the United States so people will take it seriously, and I think that the United States should go full speed ahead.

Mr. ACKERMAN. Mr. Scott, I will yield to you my remaining 2 minutes.

Mr. SCOTT. Thank you. I would like to get right quickly for 2 minutes and go back to an item we mentioned, the Moslem Brotherhood. It seems to me that that is a pretty important issue, and it appears that their political strength in Egypt appears to be on the rise, is that correct?

Mr. MAKOVSKY. Yes.

Mr. SCOTT. And some of the critics of the Egyptian Government have sarcastically suggested that no one need fear an Islamic takeover of Egypt since the Egyptian Government appears to be adopting most of the Moslem Brothers' political agenda anyway. Is that accurate?

Ambassador KURTZER. It is a cute characterization. I am not sure it is accurate. As I indicated earlier, Congressman, the Government of Egypt's response to the Moslem Brotherhood and terrorism within the country is rather nuanced, and sometimes it involves bringing them into the system and sometimes pushing them away. There is now a significant presence of Moslem Brothers under a different political name in the Egyptian Parliament, and there is therefore more give and take on legislative issues that involve priorities of the Brotherhood. But I think it would be too far to suggest that this is a cooptation of the Brotherhood's agenda.

Mr. SCOTT. I see. And let me ask you, given this political threat which the Egyptian Government clearly takes with the greatest of seriousness, how does Egypt see Hamas, the Palestinian branch of the Moslem Brotherhood?

Mr. MAKOVSKY. As I tried to say before, I think their biggest concern is that Hamas does not try to be an actor in the Egyptian domestic political context; that they are not seen as getting involved in Egyptian politics. I felt, in January when Hamas blew up the wall and hundreds of thousands of people poured into northern Sinai and shooting Egyptians and throwing rocks and putting up flag, the Egyptians really turned on Hamas.

But so long as Hamas stays away from the Egyptians, the Egyptians will try to stay away from Hamas. Certainly the Egyptians have no interest in taking over Gaza because they do not want to be seen as somehow, you know, in charge of Palestinian nationalism.

So it is a line, it is a line of, Hamas, you do not tread on us, we will not tread on you. But the real story here by their inability to seal up the roads, at least to give it their best effort, as they say, 100 percent effort, even if it is not 100 percent results, the net effect is it will likely bring about an Israeli incursion in the Gaza, could lead to the freezing of the Annapolis peace talks, and a lot of people being killed on all sides of the border.

So I think they have to have a wider lens of Hamas than just look at it through the Egyptian domestic context.

Mr. SCOTT. So what they are doing in Egypt is just purely in connection with the Palestinian situation and not a direct threat to Egypt itself?

Mr. MAKOVSKY. Well, I think so. I mean, you know, because Aljazeera, the whole restrictions on Gaza are controversial, they do not want to be seen as being too close to the Israelis because people will say, well, you are putting restrictions on Hamas. You are supposed to be helping the Palestinian cause, not hurting it.

At the same time, to be fair to the Egyptians, the Rafah crossing point, which is between Sinai and Gaza, is mostly closed.

Look, the analytical problem here is that neither Egypt nor Israel see the future of Gaza in the same way. It is kind of like, I say, a hot potato. Each one wants the other one to deal with it, and that is also leading to a divergence between them, but they have so much more in common than that, and again, no one is going to say 100 percent perfection, that is not the standard, but 100 percent effort I think they could clearly do, and help the moderates who I think Egypt really does want to help in the West Bank, and they are certainly not helping the moderates by helping tunnels and rockets go through to Hamas. So it is hard to understand.

Ambassador KURTZER. Mr. Chairman, if I may add one point?

Mr. ACKERMAN. Ambassador.

Ambassador KURTZER. Congressman Scott, the one point I would add is that having watched Egypt's approach for many years, I think we are talking tactics rather than strategy with respect to Hamas. What I mean by that is the Egyptians have demonstrated for many years a very strong preference that the PLO and the Pal-

estinian Authority be ensconced as the negotiating partner for Israel in the peace process.

There is a different reality on the ground in Gaza today where the Palestinian Authority has been in a sense superseded by Hamas' governance, and Hamas established that governance in quite brutal ways. There are newspaper stories that deal with real terror that Hamas has visited upon the population in Gaza in order to ensure its own leadership.

For the Egyptians then, this becomes a tactical question. Does one try to bring Hamas back into the Palestinian fold, which seems to be the Egyptian approach, or does one try to isolate Hamas until or unless there are changes in the organization, which seems to be the approach of the international community and Israel?

But as a strategy, Egypt would much prefer that the Palestinian Authority, President Abbas return to ascendancy so that there is a unified Palestinian leadership with which Israel could deal.

Mr. SCOTT. Thank you, sir.

Mr. ACKERMAN. Just further on Gaza, It seems to me several things. First, that Gaza is the key to whether or not there can be a Palestinian state. If this does not become Palestinian Authority again, we are not getting a Palestinian state in any form anytime in the foreseeable future, even the very distant foreseeable future.

Gaza also represents something that both Israel and Egypt have in common. It is a security threat to both, that one seems to see more clearly than the other, and both have different approaches to how to settle it down if it could be with the Israelis doing what they have historically done, even recent history of turning it over, and the Egyptian action to me seems to be like the attitude in Fiddler on the Roof. When somebody asks Tevye, you know, "Is there a prayer for the Czar in this little Jewish town of Anatevka?" and he says, "Yes." He says, "May the Lord bless and keep the Czar far away from us."

You know, the Egyptians seem to be very happy with Gaza as long as the guns are pointing far away from them. But their approach seems less than logical to me, not that the Middle East is supposed to be logical, in that they have to be able to understand that they are not going to be able to cool that down; that terrorists who have relationship with hegemonistic powers are not going to settle out, and Israel is not going to be the only target, and that thing is going to spread, and they are first in line, it would seem to me, to have that situation on their border coupled with the Brotherhood, which is an integral part.

Would it make sense or is there two unrealistic possibility that there be a combined effort between the Israelis and the Egyptians to lay down parameters in Gaza or to jointly do something, or am I just been too idealistic?

Ambassador KURTZER. Mr. Chairman, I cannot sing as well as you, but I like to sing the song that Ariel Sharon used to sing which said that the way things look from there are not necessarily the way things look from here. It comes out better in Hebrew I have to assure you.

The point he was making is that very often we assign logic or non-logic to someone else's position but do not understand it until we are actually in it.

The reason I start that way, I want to start with the Annapolis process because it is a process that I have actually argued for publicly, and there is a logic in that process which could have attracted even more support than it has gotten. That logic basically says, as you did in your question, you are not going to get to the implementation of a peace process without Hamas, but the logic of the process says you are not going to reach an agreement with Hamas. In other words, you need Hamas on board to implement. You cannot have Hamas on board to negotiate.

Therefore, the Annapolis logic seemed to me to say: Let us invest in Abbas and Olmert reaching an agreement. They each take it back to their constituencies and they put it before their peoples, and the Israeli people decide is this the agreement we want, and the Palestinian people decide is this the agreement we want, and by virtue of that decision Hamas is either empowered or disempowered.

The problem, and here is where we get to the song, the problem is that the only people who have invested in this process are the Israelis and Abbas. The United States has not been as active and as forthcoming and as involved in the diplomacy of what we launched as might have been expected. Our Secretary of State travels a great deal, but unfortunately on one of her recent trips she said she had brought no new ideas. The President of the United States was just in Israel last week, as I was on a different mission, and the President came and went without any discernible advance in the peace process. We are not doing monitoring in a serious manner of the behaviors of the parties which at Annapolis they undertook to change in order to complement the negotiations.

So if the logic of Annapolis then is not being followed and the Egyptians do not see the possibility of there being an Israeli-Palestinian agreement which would then put Hamas in a corner, you end up saying, well, maybe we ought to hedge our bets, and maybe we ought to find a different way to ensure that there is some modicum of stability. It leads to the cease fire, the "tahadiyeh" negotiations, and it leads to all the other things which both David and I have suggested are wrongheaded.

But the panacea here is to make Annapolis work, and that means a much more robust role for the United States both in helping the negotiations and in monitoring the behaviors of the parties in fulfilling their commitments.

Mr. SCOTT. Mr. Chairman.

Mr. MAKOVSKY. If I could just on that, Ambassador Kurtzer and I agree a lot on this. I do think Prime Minister Olmert is still in power during the Canessa recess that starts in August. I think there is a good chance that he will come forward with a one- to two-page document that will try to make many of the core trade-offs, I do not know if all of them.

I say the Canessa recess because that gives them a few months where he cannot be brought down by a defection of one of his coalition partners. I think that is his intention. The foreign minister wants a more detailed document of 10 pages where she is also an attorney, maybe that is something to do with it, but I mean—Foreign Minister Livni—but I think that the logic is as Ambassador Kurtzer said, is to try to use the document as a means to unify

Gaza and the West Bank by saying, Look, this has got to go to the publics on both sides. You, Hamas, you say you are not al-Qaeda; you are part of the Palestinian movement, so we want to have a vote up or down. Do you want this peace or you do not want it? Let the people speak. That is basically the effort that is underway now, and I think we should do everything we can in the United States to help make that succeed.

Now, they do not reach an agreement or if Hamas blocks the balloting, we are in a new world here, and it could be then the focus will be on a provisional state just in the West Bank, but that, in my view, is not the ideal situation.

Mr. ACKERMAN. This panel has been extraordinary. We have 5 minutes that we have to make the current series of votes. I thank you for your major contribution toward our deliberations. The members who are not here will be sure to be seeing your complete testimony which is in the record, and I thank you for the very lively exchange.

Also, Ambassador, I have just returned yesterday at two a.m. from the region, I would agree with what Mr. Pence said, that we could really use a victory in Iraq, but having been there over the weekend and been in Israel over the weekend, I would have to agree with you that the situation in Israel and the region is certainly no more safe than before that whole thing began.

Thank you very much. This has been an extraordinary session. The meeting stands adjourned.

[Whereupon, at 3:46 p.m., the subcommittee was adjourned.]

